Analysis Of The Influence Of Service Quality, Brand Image And Branch Office Location On Banking Customer Decisions In Money Saving In Indonesia

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Abstract:

The purpose of this study is to examine how customers' decisions to save at religious banks are influenced by factors such as location, service quality, and brand image. Purposive sampling is the technique employed for sampling. There were one hundred respondents in this survey who hold savings accounts with Islamic banks. Multiple liner regression is the analysis technique employed in this study. The findings demonstrated that the customer's decision to save at an religious bank was significantly influenced, both partially and simultaneously, by the factors of brand image, service quality, and location.

Keywords: Brand Image, Service Quality, Location, Decision Process, Savings

Introduction

The development of Islamic banking in Indonesia is a manifestation of public demand that requires an alternative banking system that not only provides healthy banking/financial services, but also fulfills sharia principles. Since 1998 the banking system has shown quite rapid development until now. As one of the places to raise public funds, the Bank in this study carries out its function as a bank by collecting public funds in Indonesia, one of the products offered by this Bank is a savings product. Savings are defined as deposits of funds whose withdrawals are made according to certain agreed conditions, but cannot be withdrawn by check / bill of exchange, and / or other similar tools. Customer growth at this Bank has increased rapidly from 2013 to 2017. However, when

compared to other banks, is was experienced a decline in popularity in 2013 and in 2015 when compared to other banks (Hidayat, 2019).

The bank needs to be able to establish a positive brand image for its offerings, as a company's brand is one of its most significant assets. According to the findings of previous research, consumers, like those of the company, utilize a product's brand image as a reference while selecting and utilizing goods provided by religious financial institutions. Shimp defines brand image as a kind of association that comes to mind for customers when they think about a certain brand. These connections may manifest as specific ideas or visuals connected to a brand (Anisya et al., 2020).

Apart from enhancing brand image, it is imperative to enhance service quality to draw in new clientele and hold onto existing ones. According to Daud's research, service quality is a crucial factor in consumers' decisions to avail financing services provided by the company. Payne asserts that an organization's capacity to either meet or surpass customer expectations is correlated with service quality. After brand image and service quality are applied, location determination is also needed to make it easier for customers to reach a bank. A strategic location can make potential customers make banking a means of providing services for the money they save. Based on the results of research conducted by Tyas and Setiawan, determining a strategic location and close to the center of community activities and residential areas will affect customer decisions to save at the bank. According to Cashmere, determining the location of a bank branch is one of the most important policies. Banks located in strategic locations make it very easy for customers to deal with banks (Leon & Kanuk, 2018). Therefore, this study aims to analyze the effect of brand image, service quality and location on the customer's decision process in saving at the Bank.

Literature Review

When customers don't know enough about a product, they will use its brand image as a guide to judge it, according to Roslina. Customers have a propensity to select well-known items based on information gleaned from a variety of sources as well as personal product experience. According to Ferrinadewi, a consumer's view of a brand is a reflection of their memories of past interactions with the brand. Another way to put it is that people develop brand image based on their own subjective perceptions and feelings (Efendi, 2020). Thus, under this approach, the impression of the consumer takes precedence over the factual circumstances. Schiffman and Kanuk define brand image as a representation of a company that is conceived of as a collection of connections that link a brand name to a consumer's mind. Customers are more likely to believe in a favored or well-known brand if they have no prior experience with the goods. For this reason, businesses are encouraged to fortify their brand positioning in order to establish a favorable brand perception that is deeply ingrained in the minds of consumers (Shimp, 2022).

Brand image in banking is a key element in financial institutions' efforts to build trust and credibility in the eyes of customers and stakeholders. A bank's brand image reflects the values, reputation and perceptions associated with the institution. Banks that have a strong brand image are often considered more reliable and can attract more customers. The importance of brand image in the banking industry is becoming increasingly significant as competition in the sector increases. Banks are competing to build a positive image, which includes aspects such as safety, professionalism and service quality. A positive image can help banks attract new customers, retain existing customers, and support their business expansion efforts. In an effort to build a strong brand image, banks often emphasize technological innovation, service quality and corporate social responsibility. They also invest in effective communications, including marketing campaigns and public communications, to shape positive perceptions in the eyes of the public (Kawiana et al., 2018).

Payne asserts that an organization's capacity to either meet or surpass customer expectations is correlated with service quality. Zeithaml in Tjiptono provides a conceptual model that encapsulates the relationship between service quality and profit. Defensive and offensive marketing are the two primary pillars via which service quality adds to profit (Subagiyo, 2016). Furthermore, improved service quality boosts an organization's capacity to hold onto consumers, which influences profitability through aspects such as cost effectiveness, higher sales, price premiums, and favorable word-of-mouth advertising. Wyckof states in Tjiptono that service quality is the anticipated standard of excellence and the ability to manage that perfection to satisfy client needs (Kawiana et al., 2021).

Service quality in the banking industry is a key factor that affects customer satisfaction and the long-term success of a financial institution. In an era where customers have many choices, banks must focus on improving their service quality to retain and attract customers. Service quality includes a number of elements, such as the

responsiveness, friendliness and competence of bank employees, the speed of transaction processing, and the availability of services through various channels, including online and mobile banking. As technology evolves, customers increasingly expect easy access to their financial information and the ability to conduct transactions quickly. Therefore, banks must invest in digital platforms that can provide a seamless and efficient experience to their customers. In addition, transaction security is a major concern, and banks must maintain customer trust by protecting their personal and financial data. Service quality is also related to the bank's ability to respond to customer issues or complaints quickly and effectively. Good customer service can enhance a bank's image and build customer loyalty. This involves training employees in interacting with customers empathetically, resolving problems, and providing satisfactory solutions (Tyas & Setiawan, 2022).

Because location is directly tied to the service provider's prospective market, the placement of a service facility is a critical component that impacts service success. There are essentially two factors to take into account when deciding where to locate service facilities. Customers first arrive at the service facility's site; for instance, patients arrive at a hospital, health center, or doctor's office. The second option is that the service provider visits the client; for instance, a fire engine responds to the scene of the fire to manage and put it out. Furthermore, service providers have the option to merge the two.For instance, physicians who not only work in a certain area but who are also open to seeing patients at their residences during specific times, such as after practice hours or during lunch breaks. Because services from producers are inseparable, location plays a significant role in the development of a service marketing strategy. Distribution has received less consideration in service marketing historically. However, the importance of distribution or access becomes more apparent as competition increases. Customers of banks utilizing the Cirrus system in the banking sector have access to thousands of automated teller machines nationwide. Today, a wide range of information-based services, including stock trading, banking, entertainment, insurance, and travel, are available worldwide because to the internet's capacity to distribute electronic content (Wahjono, 2020).

In the context of bank marketing, location refers to a network (net-working) where clients may access and use bank goods and services. Consequently, the bank's marketing network consists of not just the bank's own location, where the bank offers its own goods and services, but also other bank locations and even ATMs operated by other banks, where the bank's goods and services can be used. Location is an important factor in banking strategy, playing a major role in determining the success of a bank branch or office. Choosing the right location can affect the extent to which a bank can reach and serve customers effectively. Banks should consider several important aspects when choosing a branch location, including accessibility, neighborhood demographics, level of competition, and expected economic growth (Hidayat, 2019).

Accessibility is one of the main factors. A bank branch should be easily accessible to customers who want to visit it. This could mean choosing a strategic location in the city center, along a main road, or in a busy shopping center. Also, the expected growth of the surrounding neighborhood should be considered. Banks should analyze the economic outlook and population growth in the area, as a growing location can be an opportunity to expand the business. In addition, the demographics of the population around the bank branch also play an important role. The bank should understand who its potential customers are and ensure that their services and products match the needs and preferences of the group. Competition with other banks in the same region also needs to be evaluated. The presence of competitors can be a challenge, but it can also indicate good market potential. In the digital age, banks should also consider how their physical locations can be integrated with online and mobile banking services. This could mean optimizing technology-based services in physical branches or considering the concept of tellerless branches that focus more on self-service through technology (Anisya et al., 2020).

Kotler claims that the process of making a purchase is a problem-solving strategy that includes problem identification, information gathering, evaluation of multiple options, decision-making, and customer behavior after the purchase. Consumer behavior has a big impact on the decision-making process when it comes to purchases. In actuality, this procedure solves problems in order to satisfy the demands or desires of the customer (Efendi, 2020).

Purchasing decisions in the banking world are closely related to customer decisions in using certain banks. Customers often consider various factors before they decide to open an account, apply for a loan, or use certain banking services. One of the key factors that influence this decision is service quality. Customers want to feel heard and well served by their bank. Responsiveness, efficiency and friendliness of bank staff are things that are often taken into consideration. In addition to service quality, the products and services offered by the bank also play an important role. Customers will choose a bank that suits their needs and preferences. These include savings

accounts with competitive interest rates, loan products with reasonable interest rates, as well as a range of additional services such as credit cards, online banking services, and app-based services that make everyday transactions easier. Trust is another key factor. Customers must feel that their bank can be relied upon to keep their financial information safe and confidential. Transaction security and fraud protection are very important to customers. Furthermore, cost factors can also influence customer decisions. Fees associated with using bank products and services, such as monthly administration fees, fees for withdrawing cash from other ATM machines, or transfer fees, should be within the customer's budget (Subagiyo, 2016).

Methodology

This study uses associative research design and quantitative methodology. This research was conducted on customer using a sample of 100 participants. A Likert scale ranging from 1 to 5 was used in data collection for this study. The questionnaire was sent using Google Forms which had gone through previous validity and reliability tests. This research was analyzed using the SPSS application with multiple linear regression techniques. The data in the study were presented using descriptive analysis techniques.

Results

The data in this study were processed in the classical assumption test to meet the needs of linear regression analysis before moving on to the primary hypothesis testing. The results of the normality test indicated that the research's significant value was reached at 0.6 > 0.05, indicating that the data is normally distributed and satisfies the regression model's normality requirements. The regression model satisfies the normalcy assumption when P-Plot testing reveals that the points approach and follow the diagonal line.

The tolerance value of all independent variables > 0.10 and the VIF value of all independent variables 10.00 are known properties based on multicollinearity. Thus, it can be inferred from the preceding computations' findings that the regression equation model is suitable for application in this investigation and does not have a multicolonierity issue. In the meanwhile, heteroscedasticity results show that there is no heteroscedasticity since there are no dots that create a specific pattern and because the dots are dispersed above and below the 0 on the Y axis. Based on the results of regression analysis tests, a multiple linear regression equation can be obtainedobtained and gain equation.

The interpretation of the regression equation obtained is that the negative costanta value (-0.9) is not a problem, as long as X1, X2, and X3 are not equal to zero because it is impossible to do so. The Likert scale used for the questionnaire does not include zeros, but ranges from 1-5, so the variables X1, X2, and X3 cannot be equal to zero, therefore the negative constant value can be ignored. The regression coefficient of the brand image variable (X1) is positive, it means that an increase in brand image can increase the customer's decision process in using savings products at Banks. The regression coefficient of the service quality variable (X2) is positive, it means that an increase in service quality can improve the customer's decision process in using savings products at Banks. The regression coefficient of the location variable (X3) is positive, it means that increasing the location can improve the customer's decision process in using savings products at Banks.

Since the partial test, also known as the t test, employs a two-way hypothesis, it is known that the brand image counter ($X1$) is 6.6 and that the t table can be calculated from a = 0.05. The value of an is divided by two to 0.03 in order to find the t table, and df = n-2 becomes df = 100-2 = 98, yielding a t table value of 1.9. Hence, tcount>ttable, 6.6 > 1.9, and a significant probability value of 0.000 <0.05 were achieved in the findings. Thus, it may be said that Ha is accepted while Ho is rejected. This indicates that a customer's decision to save at a bank is influenced in part by the brand image variable. Because it employs a two-way hypothesis, it is known that the service quality tcount ($X2$) is 6.1, but the ttable may be derived from a = 0.05. The value of an is split by two to 0.025 and df = n-2 becomes df = 100-2 = 98, and a ttable value of 1.984 is achieved. Consequently, tcount>ttable, 6.1 > 1.984, and a significant probability value of 0.000 <0.05 were achieved in the findings. Thus, it may be said that Ha is accepted while Ho is rejected. This indicates that a customer's decision to save at a bank is influenced in part by the service quality variable. Because it employs a two-way hypothesis, it is known that the location counter ($X3$) is 2.17 and that the t table can be derived from a = 0.05. When searching for a t table, the value of an is split by two to 0.025, and df = n-2 becomes df = 100-2 = 98, resulting in a t table value of 1.984. As a consequence, tcount>ttable, 2.2 >1.984, and a significant probability value of 0.03 <0.05 were achieved in the

findings. Thus, it may be said that Ha is accepted while Ho is rejected. This indicates that a customer's decision to save at a bank is influenced in part by the location variable.

Then in simultaneous testing obtained from the results of the Anova test or the F test, it can be seen based on the data above that the fcount value is 131.4, while the ftabel in this study is where df1 = k - 1, and df2 = n-k, where in this study the number of independent variables is 3 and the dependent variable is 1 and the number of research samples is 100, so df1 = 4-1 = 3 and d2 = 100 - 4 = 96, so, it can be seen that the f-tabel in this study is 2.7, so it can be concluded that 131.4 > 2.7 and the significant probability in this study is 0.000 <0.05. So it can be concluded that H0 is rejected and Ha is accepted, namely brand image, service quality and location simultaneously affect the customer decision process of saving at Banks. So it can be concluded that H0 is rejected and Ha is accepted, namely brand image, service quality and location simultaneously influence the customer's decision process in saving at Banks. Then the adjusted R 2 value is 0.8 or 80%. This means that the independent variables, namely brand image, service quality and location, are able to explain the dependent variable, namely the customer decision process by 80% and the remaining is explained by other variables not included in this regression model.

Discussion

This study shows that there is a partially significant influence between the brand image variable on the customer's decision process in saving at Banks. Although the results of this study indicate that brand image has an influence on the customer's decision process in saving at the Bank, although the direction of the influence given is positive, it does not rule out the possibility of not being able to meet the needs of customers as a whole. This can be seen from the example of respondents' answers to the descriptive statistics of the brand image which reads "Using savings products at the Bank increases my self-confidence, "By using savings products at the Bank I can express myself.", and the statement "The savings products at the Bank that I use have characteristics that are different from other Bank savings products." Respondents were more likely to choose "doubtful". This shows that although respondents feel the benefits of saving at the Bank, they are hesitant about statements regarding increasing their self-confidence and expressing themselves, this is in accordance with the opinion of Ferrinadewi, which states that brand image is a concept created by consumers for subjective reasons and personal emotions.

Schiffman and Kanuk also argue that brand image is an image of a brand that is considered a group of associations that connect consumers' thoughts to a brand name. For this reason, the uniqueness of the slogan or branding of the Bank savings products is needed which differentiates it from other bank products and can foster a sense of confidence and expression of consumers as customers. The results of this study are also similar to previous research with brand image variables consisting of producer image, consumer image and product image having a significant influence on customer decisions in choosing financing at the bank. From the results of the above findings, it can be concluded that the brand image variable has an effect on the customer's decision process in saving at the Bank.

This study shows that there is a partially significant influence between service quality variables on the customer's decision process in saving at Banks. Although the results of this study indicate that service quality has an influence on the customer's decision process in saving at the Bank, although the direction of the influence given is positive, it does not rule out the possibility of not being able to meet the needs of customers as a whole. This can be seen from the example of respondents' answers to the descriptive statistics of service quality which reads "Bank employees are reliable in handling customer service problems.", "Bank employees have the knowledge to answer customer questions.", and the statement "Bank employees provide information so that customers know when the service will be carried out." Respondents were more likely to choose "doubtful". This shows that although respondents feel the quality of service is quite good, they doubt the statements regarding employees who are less reliable in handling customers, employees who do not understand to answer questions from customers, providing information about service time to customers. This is in accordance with Wahjono's opinion, that service quality is related to the interaction of the company's staff with the various facilities available. The results of this study are also similar to previous research conducted by Daud which shows that promotion and service quality simultaneously and partially have a significant effect on purchasing decisions. Company promotion should be improved through advertising or direct promotion and increase customer education. From the results of the above findings, it can be concluded that the service quality variable affects the customer's decision process in saving at Banks.

This study shows that there is a partially significant influence between the location variable on the customer's decision process in saving at Banks. Location is an important factor for a bank, if access to the bank's location is easy, then customers will carry out many transactions at the bank on a regular basis, determining a strategic location can also help customers make the decision process to save at the bank. In line with Wahjono's opinion, which says that determining the location is essentially to get closer to customers, both funding customers and credit customers. This is supported by previous research, which also states that the effect of location on customer decisions is of positive significance. This means that if the location is in a strategic place, in this case close to the center of community activities and residential areas, it will affect the customer's decision to save at the bank. In addition to brand image and service quality, location is also a significant factor in improving the customer decision process when saving at the Bank. Based on the foregoing data, it can be inferred that a customer's decision to save at a bank is influenced by the location variable.

Conclusion

The brand image variable partially has a significant impact on the customer's decision process when saving at Banks, according to the findings of the data analysis and the discussion of the influence of brand image, service quality, and location on the customer's decision process. Variables related to service quality have a notable impact on customers' decision-making process when it comes to saving at banks. The customer's decision to save at an bank is significantly influenced by the geographical variable in part. The brand image variable, service quality, and location all have an impact on a customer's decision to save with an bank, according to the F test results.

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